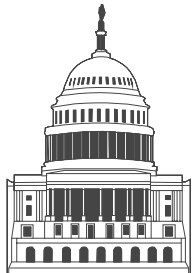


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**COMMITTEE FAILS
TO PASS
CRITICAL
WORKERS'
COMPENSATION
REFORM**

"Business is looking for a life raft -- We need to deal with this fundamentally flawed system. It would be a wrong-headed to put a band-aid fix on this problem. California's workers' Compensation system needs to be drastically overhauled."

-- Chuck Poochigian

APRIL 23, 2003

Senator Charles S. Poochigian



Capitol Update

**HEARING ACKNOWLEDGES WORKERS' COMPENSATION CRISIS -- YET COMMITTEE
FAILS TO PASS KEY WORKERS REFORM BILLS**
Republicans Call for Immediate Relief

SACRAMENTO – After months of advocacy and hearings conducted by Republican Senators focused on major systemic reform to the grossly flawed and costly workers' compensation system, a growing number of legislators acknowledge that substantial reform is essential. Despite the rhetoric, during a hearing by the Senate Labor and Industrial Relations Committee, 7 bills out of 14 that make up a comprehensive workers' compensation reform package introduced by Senate Republicans were killed by the committee consisting of 5 Democrats and 3 Republicans. Three measures were held over for next week and four bills passed the committee. The 10 bills which failed or were held over represent some of the most significant portions of the reform package and which would yield the largest costs savings.

With skyrocketing rates, workers' compensation remains as the top issue for businesses and is a key component to healing California's ailing economy and fixing the state's multi-billion dollar budget deficit.

More than a hundred employers from across California came to testify in support of the reform package and discuss the flawed workers' compensation system, exorbitant workers' compensation rates and how the crisis is affecting businesses, schools, local governments, non-profit organizations, and the California economy, in general.

The Senate Republican package consists of 14 bills aimed at repairing an inefficient, unfair and costly system to reverse out-of-control rate increases by massively reforming California's workers' compensation system. Reform principles supported by Republicans emphasize medical cost controls, reduced litigation and the elimination of fraud. (A comprehensive report on workers' compensation and the Republican package is available on the Internet at:

http://republican.sen.ca.gov/pubs/030414_WorkersComp.pdf)

SB 1010 Poochigian	"Job Killer" Rollback	Failed
SB 176 Johnson	Technical change to require notification of classification changes.	Passed
SB 223 Margett	Mandates use of generic drugs.	Passed
SB 365 Johnson	Provides "predominant cause" standard for compensability.	Failed
SB 366 Johnson	Requires "clear and convincing evidence" for psychiatric injuries	Failed
SB 414 McClintock/ Poochigian	Mandates objective medical findings be used in determining injuries	Postponed
SB 457 McPherson	Legal cost reform	Postponed
SB 714 Battin	Apportionment reform	Failed
SB 757 Poochigian	Establishment of (1) Medical Fee Schedule, (2) Utilization Schedule and (3) limits the ability to claim workers compensation for injuries off the job.	Passed (only section #2)
-more-		

SB 758 Poochigian	Vocational rehabilitation reform and elimination of the "cash out" provision	Failed
SB 759 Poochigian	90-Day Statute of Limitations for 5814 claims	Failed
SB 731 Brulte	Elimination of benefits for prisoners	Postponed
SB 893 Morrow	Causation - Objective medical findings for permanent disability	Failed
SB 899 Poochigian	Eliminates conflicts of interests amongst doctors	Passed

According to the Workers' Compensation Insurance Rating Bureau, California employers' costs for insurance premiums have more than doubled since 1999. In 2002, businesses paid an estimated \$15 billion, whereas in 1999, employers paid \$7.1 billion. Additionally, costs have been projected to rise to as high as \$20 billion in 2003.

Senator Poochigian recently concluded a series of hearings on workers' compensation throughout the Central Valley at which hundreds of people testified about the workers' compensation crisis. Other Republican senators also held hearings across the state.

Members of the Republican Caucus also sent out an interactive online survey statewide which received more than 2500 responses from employers.

In a letter signed by the Joint Republican Caucus (15 Senators and 32 Assembly Members), Governor Davis was urged to convene a special session to address the workers' compensation crisis.

Bills Passed into Limbo

The bills that were passed out of Committee were not sent to the full Senate for consideration but were referred to Senate Rules Committee. This unusual procedural move will delay consideration of the reforms.

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